

**First Steps Referral and Consulting, LLC****Financial Report****Years Ended June 30, 2010 and 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

10/20/10

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Balance sheets	4
Statements of income	5
Statements of changes in member's equity	6
Statements of cash flows	7
Notes to financial statements	8-12
INTERNAL CONTROL AND COMPLIANCE	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	14-15
SINGLE AUDIT SECTION	
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	17-18
Schedule of Expenditures of Federal Awards	19
Note to Schedule of Expenditures of Federal Awards	20
Schedule of Findings and Questioned Costs	21
Summary Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan	22

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITORS' REPORT

### First Steps Referral and Consulting, LLC New Iberia, Louisiana

We have audited the accompanying balance sheets of First Steps Referral and Consulting, LLC (a limited liability company) as of June 30, 2010 and 2009, and the related statements of income, member's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of First Steps Referral and Consulting, LLC, as of June 30, 2010 and 2009, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2010, on our consideration of First Steps Referral and Consulting, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying schedule of expenditures of federal awards included in the Single Audit Section in the table of contents is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of First Steps Referral and Consulting, LLC. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
September 27, 2010

## **FINANCIAL STATEMENTS**

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Balance Sheets  
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 94,331	\$ 55,258
Receivables -		
Department of Health and Hospitals	80,322	92,256
Department of Social Services	14,268	6,666
Napa County Office of Education	-	2,436
Arc of Baton Rouge	-	2,000
Prepaid expenses	<u>1,274</u>	<u>1,030</u>
Total current assets	190,195	159,646
 Property, plant and equipment, net	 16,118	 15,951
 Other assets:		
Deposits	<u>215</u>	<u>215</u>
Total assets	<u>\$206,528</u>	<u>\$175,812</u>
 <b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 14,123	\$ 18,580
Loans payable to employees	25,000	25,000
Other accrued liabilities	<u>7,370</u>	<u>6,323</u>
Total current liabilities	46,493	49,903
 Long-term debt	 <u>40,000</u>	 <u>42,893</u>
Total liabilities	86,493	92,796
 Member's equity	 <u>120,035</u>	 <u>83,016</u>
Total liabilities and member's equity	<u>\$206,528</u>	<u>\$175,812</u>

The accompanying notes are an integral part of this statement.

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Statements of Income  
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
REVENUE		
Federal grants -		
Department of Health and Hospitals	\$ 922,039	\$ 886,592
Napa County Office of Education	6,889	7,111
Department of Social Services	62,096	6,666
Total federal grants	991,024	900,369
Consulting revenue	22,726	32,000
Total revenue	1,013,750	932,369
EXPENSES		
Administrative cost	56,935	77,175
Copier rental	4,970	6,022
Consulting	37,327	17,792
Depreciation	4,386	3,662
Health insurance/stipend	46,910	42,479
Insurance	19,306	17,582
Mailing	14,468	15,007
Maintenance	613	1,061
Office rent	12,720	15,265
Office supplies	24,003	20,755
Payroll taxes	32,567	33,174
Professional fees	11,845	12,300
Salaries	470,500	455,490
Simple IRA plan	15,682	14,456
Storage rental	-	1,335
Telephone and utilities	29,402	24,274
Travel	55,775	58,455
Total expenses	837,409	816,284
Net income before other expenses	176,341	116,085
OTHER EXPENSES		
Interest expense	4,549	5,326
NET INCOME	<u>\$ 171,792</u>	<u>\$ 110,759</u>

The accompanying notes are an integral part of this statement.

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Statements of Changes In Member's Equity  
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 83,016	\$ 78,970
Net income	171,792	110,759
Distribution to member	<u>(134,773)</u>	<u>(106,713)</u>
Balance, end of year	<u>\$120,035</u>	<u>\$ 83,016</u>

The accompanying notes are an integral part of this statement.



FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Statements of Cash Flows  
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Net income	\$ 171,792	\$ 110,759
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,386	3,662
Changes in operating assets and liabilities -		
Decrease in due from Department of Health and Hospitals	11,934	15,670
Increase in due from Office of Family Support	(7,602)	(6,666)
(Increase) decrease in due from Napa County Schools	2,436	(2,436)
(Increase) decrease in due from Arc of Baton Rouge	2,000	(2,000)
(Increase ) decrease in prepaid expenses	(244)	3,022
Decrease in deposits	-	1,890
Increase (decrease) in accounts payable	(4,457)	5,254
Increase in other accrued liabilities	1,047	1,461
Net cash provided by operating activities	<u>181,292</u>	<u>130,616</u>
Cash flows used by investing activities		
Acquisition of property and equipment	<u>(4,553)</u>	<u>(6,822)</u>
Cash flows from financing activities		
Proceeds from line of credit	284,000	347,000
Principal payments - Line of credit	(286,893)	(322,107)
Distribution to member	<u>(134,773)</u>	<u>(106,713)</u>
Net cash used by financing activities	<u>(137,666)</u>	<u>(81,820)</u>
Increase in cash and cash equivalents	39,073	41,974
Cash and cash equivalents, beginning of year	<u>55,258</u>	<u>13,284</u>
Cash and cash equivalents, end of year	<u>\$ 94,331</u>	<u>\$ 55,258</u>
Supplemental disclosure for the statement of cash flows:		
Interest paid	<u>\$ 4,914</u>	<u>\$ 5,924</u>

The accompanying notes are an integral part of this statement.

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Business

First Steps Referral and Consulting, LLC (the Organization) provides System Points of Entry (SPOE) services within the parishes of Allen, Beaugard, Jeff Davis, Lafayette, Iberia, St. Martin, Vermillion, St. Landry, Evangeline, Acadia, Cameron and Calcasieu for Louisiana's early intervention system – Childnet (Part C) and its eligible infants and toddlers from birth to three as regulated under Part C of the Individuals with Disabilities Education Act (IDEA). In addition, the Organization provides professional consulting services to third parties. The Organization began operations in 2003 and is supported almost entirely through contracts with Department of Health and Hospitals.

B. Revenue and Expense Recognition

The Organization recognizes revenues as reimbursable expenses incurred under the contracts. Consulting revenue is recognized upon performance of services. Expenses are recognized as they are incurred.

C. Receivables

The Organization considers amounts recorded as receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

D. Concentration of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000 effective October 3, 2008 through December 31, 2013 for cash on deposit at each institution. In the event of a failure of the institution, the FDIC is not obligated to pay uninsured deposits. The Company's balance, at times, may exceed federally insured limits. At June 30, 2010 and 2009, the Organization had no uninsured balances.

Contract revenue from Department of Health and Hospitals accounted for ninety-one percent and ninety-five percent of the Organization's revenues for the years ended June 30, 2010 and 2009, respectively.

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Notes to Financial Statements (Continued)

E. Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation is computed using the straight-line method over the useful lives of the assets for financial reporting purposes. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to operations as incurred. The estimated lives are as follows:

Furniture and fixtures	7 years
Equipment	5 years

F. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

G. Compensated Absences

Each employee earns annual leave of 80 hours per year. Any amount not used by December 31<sup>st</sup> of the year earned is lost. Unused annual leave is paid to an employee upon retirement or resignation at the hourly rate being earned by that employee at separation.

H. Income Taxes

The Organization has elected to be taxed as a limited liability company for federal and state income tax purposes. The sole member has consented to include her pro rata share of the Organization's income or loss in her individual tax return. Accordingly, no provisions for federal and state income taxes were made in the accompanying financial statements.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Notes to Financial Statements (Continued)

(2) Property, Plant, and Equipment

The following is a summary of property, plant, and equipment as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Furniture and fixtures	\$ 2,384	\$ 2,384
Equipment	<u>45,885</u>	<u>41,333</u>
	48,269	43,717
Less: accumulated depreciation	<u>(32,151)</u>	<u>(27,766)</u>
	<u>\$ 16,118</u>	<u>\$ 15,951</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$4,386 and \$3,662, respectively.

(3) Other Accrued Liabilities

Other accrued liabilities consisted of the following for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Compensated absences	\$ 5,873	\$ 4,461
Interest	<u>1,497</u>	<u>1,862</u>
	<u>\$ 7,370</u>	<u>\$ 6,323</u>

(4) Loans Payable to Employees

Loans payable to employees at June 30, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Unsecured loan payable to Claudia Fontenot, member's sister due on demand, interest rate of 5.98%.	\$ 5,000	\$ 5,000
Unsecured loan payable to Sarah Hill, member's sister, due on demand, interest rate of 5.98%.	<u>20,000</u>	<u>20,000</u>
Total loans payable	<u>\$ 25,000</u>	<u>\$ 25,000</u>

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Notes to Financial Statements (Continued)

(5) Long-Term Debt

Long-term debt at June 30, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Under the terms of a bank working capital line of credit agreement dated February 19, 2008, the Organization may borrow up to \$125,000 with interest due monthly, varying at the prime rate of interest for 10 years, at which time the draw period matures. The interest rate was 6.95% at June 30, 2010 and 2009. The line is secured by a continuing security interest in all assets owned by the Organization. The Company had \$85,000 and \$89,107 of unused line of credit at June 30, 2010 and 2009, respectively.	<u>\$ 40,000</u>	<u>\$ 42,893</u>

Interest expense for the years ended June 30, 2010 and 2009 amounted to \$3,001 and \$3,071, respectively.

(6) Related Party Transactions

Borrowings include \$5,000 from Claudia Fontenot, Member's sister and \$20,000 from Sarah Hill, Member's sister at June 30, 2010 and 2009 both bearing an interest rate of 5.98%. Interest expense on these loans for the years ended June 30, 2010 and 2009 amounted to \$1,495 and \$1,496, respectively. Accrued interest as of June 30, 2010 and 2009 was \$1,497 and \$1,862, respectively.

(7) Operating Leases

The Organization currently leases their main office in New Iberia, Louisiana for \$1,000 a month under a lease expiring November 30, 2011. The organization leases additional office space located in Lake Charles, Louisiana for \$60 a month under a lease expiring June 30, 2011 with the option to renew for a period of one year. Lease expense for the years ended June 30, 2010 and 2009 totaled \$12,720 and \$15,265, respectively.

Future minimum lease payments are as follows:

2011	\$ 12,720
2012	<u>5,000</u>
Total future minimum lease payments	<u>\$ 17,720</u>

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Notes to Financial Statements (Continued)

(8) Employee Retirement Benefits

The Organization has a SIMPLE IRA plan for employees starting ninety days after employment. The Company contributes 3% of employees' annual salary. Contributions made for the years ended June 30, 2010 and 2009 totaled \$15,682 and \$14,456, respectively.

(9) Subsequent Event Review

The Organization's management has evaluated subsequent events through September 27, 2010, the date which the financial statements were available to be issued.

**INTERNAL CONTROL  
AND  
COMPLIANCE**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

First Steps Referral and Consulting, LLC  
New Iberia, Louisiana

We have audited the financial statements of First Steps Referral and Consulting, LLC (the Organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying summary schedule of current year audit findings and management's corrective action plan as item 10-1 to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management of First Steps Referral and Consulting, LLC, Department of Health and Hospitals, and Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Also, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
September 27, 2010

**SINGLE AUDIT**

**SECTION**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

First Steps Referral and Consulting, LLC  
New Iberia, Louisiana

### Compliance

We have audited the compliance of First Steps Referral and Consulting, LLC (the Organization) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2010. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

### Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management of First Steps Referral and Consulting, LLC, Department of Health and Hospitals, and Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Also, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
September 27, 2010

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Education -		
Louisiana Department of Health and Hospitals:		
Louisiana Early Intervention System	84.181	<u>\$ 922,039</u>
Department of Health and Human Services -		
Napa County Office of Education:		
Head Start	93.600	6,889
Louisiana Department of Social Services:		
Child Care and Development Block Grant	93.575	<u>62,096</u>
		<u>68,985</u>
TOTAL FEDERAL AWARDS		<u>\$ 991,024</u>

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Note to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of First Steps Referral and Consulting, LLC and is presented on the accrual method of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2010

Part I. Summary of Auditor's Results:

1. An unqualified report was issued on the financial statements.
2. A significant deficiency in internal control was disclosed by the audit of the financial statements.
3. No instances of noncompliance were disclosed by the audit of the financial statements.
4. No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no audit findings required to be reported under Section 510(a) of Circular A-133.
7. The major program was: U.S. Department of Education – passed through Louisiana Department of Health and Hospitals - Louisiana Early Intervention System – CFDA No. 84.181.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. The auditee did qualify as a low-risk auditee under Section 530 of Circular A-133.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

Compliance Findings –

There were no compliance findings for the year ended June 30, 2010.

Internal Control Findings –

See item 10-1 in the Summary Schedule of Current Year Audit Findings and Management's Corrective Action Plan.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There are no findings that are required to be reported under the above guidance.

FIRST STEPS REFERRAL AND CONSULTING, LLC  
New Iberia, Louisiana

Summary Schedule of Current Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2010

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
<b>CURRENT YEAR (06/30/10) --</b>						
<u>Internal Control Over Financial Reporting:</u>						
10-1	6/30/2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interests of the Organization to outsource this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Mary Hockless, Director	N/A

Compliance:

There were no compliance findings required to be reported under Government Auditing Standards.

**PRIOR YEAR (6/30/09) --**

Internal Control Over Financial Reporting

09-1	6/30/2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interests of the Organization to outsource this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Mary Hockless, Director	N/A
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Compliance:

There were no compliance findings required to be reported under Government Auditing Standards.